

Message Text

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TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 230344 TOSEC 270261

EXDIS

E.O. 11652: GDS

TAGS: PFOR, ENRG, IS, EG, US

SUBJECT: ACTION MEMORANDUM: DISCUSSIONS WITH
ISRAELIS ABOUT GULF OF SUEZ PROBLEM (S/S NO.7619579)

FOR THE SECRETARY FROM HABIB AND ATHERTON

1. WE MET TODAY WITH DINITZ AND EVRON AND FOLLOWED THE
SCENARIO WHICH YOU HAD APPROVED. IN PRELIMINARY PRIVATE
MEETING, HABIB LAID OUT FIRMLY OUR DISMAY AT RECENT
ISRAELI ACTIONS AFFECTING AMOCO'S ACTIVITIES IN THE GULF
AND DESCRIBED OUR EXPECTATION THAT THESE TALKS WOULD
RESULT IN AN END OF HARASSMENT OF AMOCO, NON-INTERFERENCE
WITH AMOCO'S BEGINNING DRILLING AT SITE 304.1 BEFORE
SEPTEMBER 21, NON-INTERFERENCE IN EXISTING AMOCO
OPERATIONS, AND NON-INTERFERENCE WITH AMOCO'S FUTURE
DRILLING PLANS IN PRE-1967 CONCESSION AREVS. AFTER BRIE
DISCUSSION OF DIFFERING U.S. AND ISRAELI VERSIONS OF
ALLEGED HARASSMENT, IT WAS AGREED TO PUT PAST INCIDENTS
BEHIND US AND TRY TO FIND PRACTICAL SOLUTION WITHOUT
SEEKING TO RESOLVE UNDERLYING LEGAL DISPUTE.

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2. ATHERTON THEN CHAIRED DETAILED TALKS, WHERE DINITZ AND EVRON WERE JOINED BY ADDITIONAL ISRAELI REPRESENTATIVES, AND DESCRIBED AMOCO'S DRILLING PLANS ALONG LINES SET FORTH IN OUR EARLIER TELEGRAM TO YOU (TOSEC 270133). SPECIFICALLY, ATHERTON MADE CLEAR THAT AMOCO'S PLANS INVOLVED DRILLING IN ONLY NINE BLOCKS OF THEIR PRE-1967 CONCESSION AREA, OF WHICH FOUR ARE IN THE LONG-ESTABLISHED MORGAN FIELD AND SHOULD PRESENT NO PROBLEMS FOR ISRAELIS. IN RESPONSE TO EVRON'S QUESTION, ATHERTON SAID WE SUPPORTED AMOCO'S RIGHT TO CARRY OUT THIS DRILLING PROGRAM AS IT HAD BEEN DESCRIBED TO US, EMPHASIZING THAT IT ONLY INVOLVED A SMALL PART OF AMOCO'S TOTAL CONCESSION AREA.

3. ISRAELI RESPONSE WAS THAT THIS PROPOSAL WAS A TOTAL NON-STARTER. IT REPRESENTED A MAJOR CHANGE IN THE POST-1967 STATUS QUO IN THE GULF OF SUEZ AND COULD ONLY BE CONTEMPLATED IN THE CONTEXT OF EGYPTIAN-ISRAELI NEGOTIATIONS, NOT AS A UNILATERAL CONCESSION. THEY DESCRIBED THEIR POSITION AS FOLLOWS: THEIR AREA OF CONTROL IN THE GULF SINCE 1967 HAS RUN WEST TO THE MEDIAN LINE; THEY HAVE MADE AN EXCEPTION TO THIS TO PERMIT AMOCO TO CONTINUE TO OPERATE EXISTING WELLS WHICH FALL EAST OF THAT LINE BUT ARE NOT PREPARED TO AGREE TO NEW DRILLING EAST OF THE EASTERN-MOST PRESENTLY PRODUCING WELL.

4. EVRON SAID THAT, BASED ON THEIR INTERPRETATION OF RECENT EXCHANGES BETWEEN US, RABIN AND ALLON THOUGHT OUR ONLY CONCERN WAS AMOCO'S NEED TO BEGIN DRILLING AT 304.1 BEFORE SEPTEMBER 21 DEADLINE. PM DID NOT WANT A CONFRONTATION WITH US OVER DRILLING AT THIS ONE SITE AND HAD THEREFORE SENT EVRON TO WASHINGTON WITH FOLLOWING PROPOSAL: ISRAEL WOULD BE PREPARED TO AGREE TO AMOCO'S DRILLING AT SITE 304.1 IF WE WOULD GIVE ISRAEL AN ASSURANCE THAT WE WOULD NOT RPT NOT SUPPORT AMOCO IN EFFORTS TO DRILL AT ANY OTHER SITE EAST OF PRESENTLY OPERATING WELLS AND PLATFORMS. THE PM WANTED TO ASSURE HIMSELF THAT ACCOMMODATING US ON THIS ONE SITE WOULD NOT SET A PRECEDENT FOR FURTHER DRILLINGS EASTWARD. WE
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SAID THAT OUR UNDERSTANDING OF WHAT RABIN HAD TOLD TOON WAS THAT HE DID NOT WANT TO AGREE TO SITE 304.1 WITHOUT KNOWING WHAT FURTHER DRILLING PLANS AMOCO MIGHT PRESENT ISRAEL WITH IN THE FUTURE; OUR PRESENTATION TO ISRAELIS TODAY HAD BEEN DESIGNED TO DESCRIBE THOSE FUTURE PLANS, WHICH SEEMED QUITE MODEST TO US SO FAR AS AREA EAST OF MEDIAN LINE IS CONCERNED AND SINCE THEY ALL FELL WITHIN PRE-1967 CONCESSION AREA. IMPLICATION WAS CLEAR THAT

AMOCO

DID NOT RPT NOT PLAN TO EXERCISE ITS RIGHTS IN AREAS IT HAD NOT IDENTIFIED TO US, EVEN THOUGH IT COULD NOT PREJUDICE ITS LEGAL POSITION BY EXPLICITLY ABDICATING THOSE RIGHTS. WE SAID THAT THIS SEEMED TO US THE KIND OF PRACTICAL SOLUTION WHICH WE HAD HOPED COULD BE WORKED OUT IN THESE TALKS. ISRAELIS COUNTERED THAT THIS PROBLEM WAS NOT UNRELATED TO THE SINAI I AND II PROCESS IN THAT ANY CHANGES IN THE STATUS QUO RESULTING FROM THE 1967 WAR SHOULD BE THE SUBJECT OF NEGOTIATIONS BETWEEN ISRAEL AND EGYPT. EVRON ALSO SAID THAT FURTHER OPERATIONS EASTWARD BY AMOCO WERE A NEGOTIABLE MATTER BUT ONLY IN CONTEXT OF EGYPTIAN-ISRAELI NEGOTIATIONS. HE ALSO REITERATED ISRAELI SUSPICION THAT USG AND AMOCO ARE BEING USED BY EGYPT TO BRING PRESSURE ON ISRAEL AND RELATED THIS TO WHAT ISRAELIS SEE AS PATTERN OF EGYPTIAN EROSION OF SPIRIT OF SINAI II. HE PREDICTED THAT WHEN REPORT OF TODAY'S MEETING REACHES JERUSALEM, IT WILL PRODUCE AN EXPLOSION IN CONTEXT OF CURRENT OPPOSITION AGITATION OF QUESTION OF EGYPTIAN VIOLATIONS OF SINAI II.

5. WE LEFT MATTERS THAT ISRAELIS WOULD REPORT TODAY'S SESSION TO JERUSALEM AND WE WOULD REPORT TO YOU, AND THAT WE WOULD BE IN TOUCH FRIDAY MORNING AFTER BOTH OF US HAD RECEIVED GUIDANCE.

6. OUR JUDGMENT IS THAT THERE IS NO PRESENTLY EXISTING BASIS FOR RESOLVING THIS ISSUE IN THESE TALKS, ALTHOUGH WE WILL OF COURSE WAIT TO SEE WHAT INSTRUCTIONS EVRON RECEIVES TOMORROW FROM JERUSALEM. SHOULD THIS JUDGMENT PROVE CORRECT, WE BELIEVE WE SHOULD PROCEED AS FOLLOWS:

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(A) INFORM ISRAELIS THAT THEIR POSITION IS UNACCEPTABLE AND THAT WE BELIEVE NEXT STEP IS TO CONTINUE DISCUSSIONS WHEN YOU SEE ALLON IN NEW YORK. WE WOULD REITERATE OUR STRONG INSISTENCE THAT MEANWHILE DRILLING BE PERMITTED TO GO FORWARD AT SITE 304.1. REALISTICALLY, HOWEVER, WE WOULD NOT EXPECT ISRAELIS TO AGREE TO THIS.

(B) WE WOULD INFORM EGYPTIANS THAT TALKS WITH ISRAELIS IN WASHINGTON, DESIGNED TO OBTAIN ISRAELI AGREEMENT NOT TO INTERFERE WITH DRILLING AT SITE 304.1 AND FURTHER DRILLIN PROGRAM EAST OF PRESENT OPERATING SITES IN RAMADAN FIELD AND LIMITED -
OTHER AREAS AS DESCRIBED TO US BY AMOCO, HAD NOT PRODUCED DESIRED RESULTS. WE HAVE TOLD ISRAELIS THEIR POSITION IS NOT RPT NOT ACCEPTABLE AND THAT YOU WILL WANT TO TAKE

THIS UP WITH ALLON IN NEW YORK. IN ADDITION, YOU WOULD ALSO WANT TO DISCUSS MATTER WITH FAHMY WHEN YOU SEE HIM.

(C) WE WOULD TELL AMOCO SAME THING WE WERE TELLING EGYPTIANS, IN WHICH CASE WE UNDERSTAND THEY ARE PREPARED TO INVOKE FORCE MAJEURE WITH EGYPTIAN GOVERNMENT IN EFFORT TO PROTECT THEIR CONCESSION RIGHTS IN BLOCK 304 AFTER SEPTEMBER 21.

7. IF YOU APPROVE FOREGOING COURSE OF ACTION, ASSUMING OF COURSE THAT ISRAELI RESPONSE IS AS WE ANTICIPATE, WE WILL SEND FOR YOUR APPROVAL PROPOSED MESSAGES TO FAHMY AND TO TOON TO DELIVER TO RABIN.

8. RECOMMENDATION: THAT YOU APPROVE FOREGOING COURSE OF ACTION, SUBJECT TO ANY CHANGES WE WILL RECOMMEND TO YOU IF ISRAELI RESPONSE IS DIFFERENT FROM WHAT WE ANTICIPATE.

APPROVE..... DISAPPROVE.....

9. COMMENT: WE HAVE CONSIDERED VARIOUS RETALIATORY MEASURES WE MIGHT TAKE AGAINST THE ISRAELIS TO EMPHASIZE THE SERIOUSNESS WITH WHICH WE VIEW THE SITUATION AND THE UNSATISFACTORY NATURE OF THEIR RESPONSE TO OUR PRESENTATION. REALISTICALLY, WE DO NOT THINK IT IS TIME FOR SUCH
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MEASURES. WHATEVER THOUGHTS WE MIGHT HAVE ON THIS SCORE WOULD BETTER WAIT UNTIL YOU SEE ALLON. THE EGYPTIANS WIL OF COURSE SEE THIS POSTURE AS WEAKNESS ON OUR PART, AND W CAN EXPECT AN OUTCRY FROM FAHMY. TAKING EVERYTHING INTO ACCOUNT, HOWEVER, WE COME TO THE CONCLUSION THAT WHAT TO DO NEXT WITH ISRAEL MUST AWAIT THE OUTCOME OF THE APPLICATION OF YOUR PERSUASIVE TALENTS TO ALLON.

DRAFTED:NEA:ALATHERTON,JR. APPROVED:P:PCHABIB
CLEARED: S:R. AHERNE

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